

California Debt Limit Allocation Committee (CDLAC)

Allocation Program Overview & Housing-Related Activities

Sean L. Spear
Executive Director

CDLAC website: <http://www.treasurer.ca.gov/cdlac>

CDLAC Programs

CDLAC is a fee based program and receives no federal or state funding. Agencies and organizations authorized to issue tax-exempt private activity bonds or mortgage credit certificates must receive an allocation from CDLAC. The bonds issued utilizing the private activity bond allocation are purchased by municipal bond investors and the repayment is the obligation of the Borrower, not the state.

CDLAC has adopted Regulations for allocating the annual state ceiling; **\$3,539,125,820** for 2011. The Regulations give priority to projects or programs that provide the greatest public benefits. Applications for award of allocation are reviewed and recommended through a competitive process. The Committee has six (6) program pools for the issuance of tax-exempt private activity bonds:

- **Qualified Residential Rental Program (QRRP)**
- **Single-Family Housing Program**
- Teacher Extra-Credit Home Purchase Assistance Program
- Student Loan Program
- Small-Issue Industrial Development Bond Program
- Exempt Facilities Program

2011 Recap

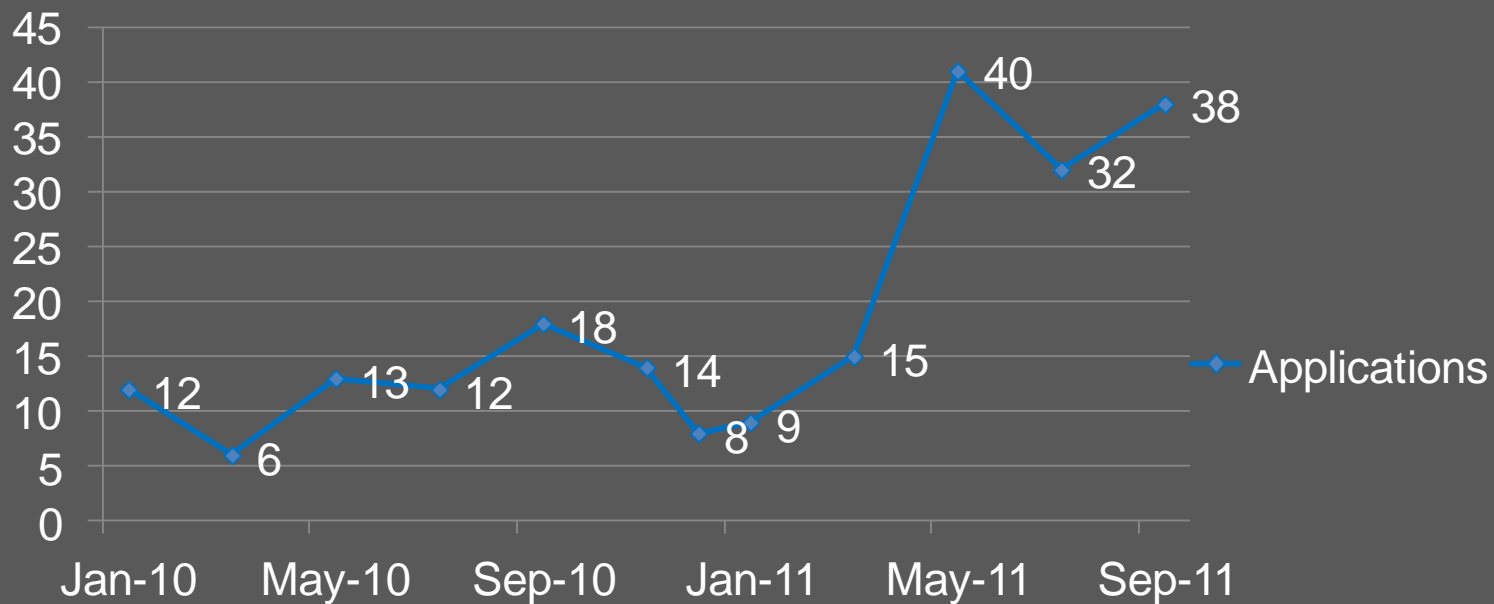
- ◎ Applications for private activity bond volume cap continue to be down:
 - General Downturn in the Economy
 - Inability of Issuers/Sponsors to Secure Credit Enhancement
 - Federal Program Changes Undercutting the private activity programs

2011 Recap

Annual PAB Volume Cap Award Activity - 2007-2011					
<i>Reflects Number of Projects Awarded Per Year</i>					
<u>Program Pool</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011*</u>
<i>Qualified Residential Rental Program</i>	<i>123</i>	<i>156</i>	<i>84</i>	<i>67</i>	<i>115</i>
Single Family Housing Program	27	27	38	19	12
Extra Credit Teacher Home Purchase Program	0	0	0	0	0
Industrial Development Bond Program	2	7	0	10	2
Exempt Facility Program	18	13	1	11	4
Student Loan Program	2	1	0	0	0
GRAND TOTALS	172	204	123	107	133
* To-Date. Projecting approximately 165 awards of allocation by year-end (about 140 of which would be QRRP).					

Multifamily Housing – “What Recession?”

QRRP Applications



Multifamily Housing – “What Recession?”

- Un-Awarded 9% Tax Credit Over-Hang
- Full Ramp-Up of the New Issue Bond Program
- Strong CRA-Lead Investment Demand in the Urban Markets
- Push by RDAs to Commit Their Housing Set-Aside Funds

Multifamily (QRRP) Picture

2010

Bond Structure	Number of Projects
Private Placements	27
Public Sales (w/Private Credit Enhancement)	4
FHLB (LOC)	1
GSE (Freddie FC)	13
FHA	10
New Issue Bond Program	12
TOTAL QRRP	67

2011 (to date)

Bond Structure	Number of Projects
Private Placements	49
Public Sales (w/Private Credit Enhancement)	1
FHLB (LOC)	0
GSE (Freddie FC)	24
FHA	1
New Issue Bond Program	40
TOTAL QRRP	115

Great – But Why Still So Much Allocation?

2011 Allocation Status

Program Pool	Unused 2008, 2009 & 2010 Carryforward	2011 Allocation	Total Awarded Amount
<u>QRRP TOTALS AVAILABLE</u>	<u>\$2,774,613,761</u>	<u>\$3,539,125,820</u>	
QRRP Awards To-Date	\$1,059,911,087	\$348,096,918	\$1,408,008,005
QRRP for Nov & Dec Rounds (Est.)	\$300,000,000	\$100,000,000	\$400,000,000
2011 QRRP Totals (Est.)	\$1,359,911,087	\$448,096,918	\$1,808,008,005
<i>Est. Remaining Allocation Sub-Total</i>	<i>\$1,414,702,674</i>	<i>\$3,091,028,902</i>	
<u>Non-QRRP TOTALS AVAILABLE</u>	<u>\$2,076,209,086</u>	<u>\$3,091,028,902</u>	
2011 Non-QRRP Totals (Est.)	\$448,380,000	\$297,257,144	\$745,637,144
<i>GRAND TOTAL 2011 EST. YEAR-END ALLOCATION</i>	<i>\$3,042,531,760</i>	<i>\$2,793,771,758</i>	

Program Changes

- ⦿ Enacted Permanent Regulations in July
- ⦿ Pursuing New Regulation Revisions Now:
 - Updated Sustainable Building Scoring Criteria (as per TCAC)
 - Updated Site & Service Amenities Scoring Criteria (as per TCAC)
 - Removal of Drawdown Bond Provisions (made moot by IRS Notice 2011-63)
 - New Annual Issuer Public Benefits and On-going Compliance Self Certification
 - Clean-Up / Updates for Readiness, Market Studies, and the IDB Application
- ⦿ Consideration of January Allocation Meeting

Federal Activity & Look Forward

⦿ Tax Reform Discussions

- Conversion to Tax Credit Bonds?
- Conversion to Interest Subsidy Bonds?
- Elimination????

⦿ IRS Compliance Review

- Confirmation of Delivery of Public Benefits
- Confirmation of Ongoing Compliance

Federal Activity & Look Forward

- ◉ Un-Awarded 9% Tax Credit Over-Hang
- ◉ Full Ramp-Up of the New Issue Bond Program
- ◉ Strong CRA-Lead Investment Demand in the Urban Markets
- ◉ Push by RDAs to Commit Housing Set-Aside Funds

CDLAC Contact Information

Sean L. Spear
Executive Director

California Debt Limit Allocation Committee (CDLAC)

915 Capitol Mall, Room 311

Sacramento, CA 95814

(916) 653-3255

sspear@treasurer.ca.gov

www.treasurer.ca.gov/cdlac